JOHNSON COUNTY COMMUNITY COLLEGE

**JOHNSON COUNTY COMMUNITY COLLEGE 403(b) PLAN**
**LOAN AND HARDSHIP WITHDRAWAL POLICY STATEMENT**

This is an explanation of the rules for applying to take a participant loan and/or a hardship withdrawal from the Johnson County Community College (JCCC) 403(b) Plan (the "Plan"). All loans and hardship withdrawals will be made strictly in accordance with the provisions of the Plan and in accordance with this Loan and Hardship Withdrawal Policy Statement. In the case of any item not covered by this explanation, or in the event of any conflict between this explanation and the Plan, the Plan document will control.

For loans the following applies:

1. Loan Program

   A. Loans are available only to active Plan participants who provide the required documentation
   B. The Plan offers two types of loans:
      1) Conventional
      2) Residential
   C. Once the loan requested is reviewed and approved, the participants Plan account balance will be reduced by the loan amount and the proceeds will be sent to the participant, less the amount of any loan fees.
   D. Repayments will be made via ACH from the participants bank account.
   E. Participants who terminate their employment with JCCC and have an outstanding loan, can either continue to pay their loan via ACH repayment or pay the loan off. The loan must continue to be repaid or it will default.
   F. Participants may have a maximum of three (3) Plan loans outstanding at any time
   G. A participant in default on a loan from the Plan will not be eligible to receive another loan from the Plan until the defaulted loan plus accrued interest is repaid in full

2. Loan Amounts

   The minimum loan amount that a Plan participant may request is $1,000, and the maximum loan amount will be the lesser of:
   1) $50,000 reduced by the highest outstanding loan from the Plan in the last twelve (12) months, or
   2) 50% of the total vested account balance reduced by the balance of all outstanding Plan loans

3. Loan Terms

   A. The Plan loan repayment period shall be as follows:
      1. Conventional loan – 1 to 5 years
      2. Residential loan – 6 to 20 years

B. No prepayment penalties
C. Additional payments are allowed but must be made in exact multiples if making more than one payment

4. Interest Rates

The interest rate is fixed and will be the Prime interest rate plus one percent (1%), in affect when the Plan loan is initiated.

5. Loan Fees

Loans from the Plan are subject to the following loan initiation fees, payable by the participant:
- $75.00 for a Conventional loan
- $125.00 for a Residential loan

6. How to Take Out a Loan

Log into your account at www.tiaa.org . Link to "Actions" and once there under the ***Retirement*** heading you select the "Start a loan or withdrawal" link. From there the system will walk you through the loan request process.

7. Default Provisions

The following is deemed to be an act of default under the Plan's loan program:

A. The outstanding loan balance, including accrued interest, is not paid by the end of the calendar quarter following the calendar quarter in which the repayment was due.

**Example**: A participant has a Plan loan issued in June and elects a monthly repayment cycle. If s/he misses the November 1 payment, s/he has until March 31st of the next year to make up the missed payment (while continuing to make the other monthly payments).

B. Future loans are not available until the defaulted loan amount is either repaid, plus accrued interest, or the loan amount can be foreclosed which is when the participants reaches one of the following triggering events:
   - Separation from service
   - Attaining age 59 1/2
   - Disability
   - Death

All defaulted loans are taxable in full as ordinary income. The Plan loan program administrator will report to the Internal Revenue Service any amounts in default (which will generally include your entire outstanding loan balance plus accrued interest up to the loan's default date). If you are under age 59½, this could further result in a 10% early withdrawal tax penalty. If Roth after-tax monies are part of the default, the earnings will be subject to taxation.

8. Military Service Leave

Plan loan repayments stop and are suspended if a participant goes on a military leave of absence.

When the participant returns from the leave, the Plan loan is reamortized at its original interest rate. The end date of the reamortized loan is set so that the participant will have the same amount of time remaining on the loan as they had prior to going on military leave.

For Hardship Withdrawals the following applies:

1. Hardship Withdrawal Program

    A. Active participants in the Plan, may take a hardship withdrawal from their voluntary pre-tax and/or Roth after-tax contribution account and non-elective employer contribution account in the Plan to meet a hardship defined as an immediate and heavy financial need where the participant lacks other available resources.

    B. The Plan participant must provide the required documentation for one of the following qualifying hardship events:
        1. Expenses for medical care (described in Section 213(d) of the Internal Revenue Code) for you, your spouse, your dependents or your non-spouse, non-dependent beneficiary
        2. Costs directly related to the purchase of your principal residence (excluding mortgage payments)
        3. Tuition related educational fees, and room and board expenses for the next twelve (12) months of post-secondary education for you, your spouse, your dependents or your non-spouse, non-dependent beneficiary
        4. Amounts necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence
        5. Expenses to repair damage to the participant's principal residence that would qualify for a casualty loss deduction under Internal Revenue Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income)
        6. Expenses for the repair of damage to your principal residence as the result of a casualty loss, located in a federally declared disaster area
        7. Payments for burial or funeral expenses for your deceased parent, spouse, dependents or your non-spouse, non-dependent beneficiary

    C. The amount of the withdrawal cannot exceed the amount of your immediate and heavy financial need. The amount of your immediate and heavy financial need may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution.

        **Note**: If the documentation provided indicates the immediate and heavy financial need has been paid, then the request for hardship will be rejected as the financial need is no longer outstanding.

2. How to Obtain a Hardship Withdrawal

    Call TIAA at 800-842-2776 and ask for a "Request for Hardship Withdrawal" form. Submit the application pursuant to the instructions.